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Message Text

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INFO OCT-01 ISO-00 OMB-01 CIAE-00 COME-00 EB-11 INR-10

LAB-06 NSAE-00 RSC-01 SIL-01 INT-08 SCI-06 SCEM-02

DODE-00 PM-07 H-03 L-03 NSC-10 PA-04 PRS-01 SPC-03

SS-20 USIA-15 ACDA-19 IO-14 DRC-01 /172 W
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R 281821Z NOV 73
FM AMEMBASSY LONDON
TO SECSTATE WASHDC 5916
INFO AMEMBASSY BONN
AMEMBASSY BRUSSELS
AMEMBASSY COPENHAGEN
AMEMBASSY DUBLIN
AMEMBASSY LUXEMBOURG
AMEMBASSY PARIS
AMEMBASSY ROME
AMEMBASSY THE HAGUE
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USMISSION OECD PARIS

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C O R R E C T E D C O P Y -- PARA THREE --

E.O. 11652: N/A
TAGS: PINT, ELAB, UK
SUBJECT: WILL GOVERNMENT HOLD LINE IN WAGE INCREASES,
TALK OF GENERAL ELECTION

REF: LONDON 13720

1. BEGIN SUMMARY. IN A SPATE OF RECENT EDITORIALS,
BRITISH PRESS REPRESENTING A BROAD RANGE OF POLITICAL
OUTLOOK HAS UNIFORMLY ADVOCATED THAT GOVERNMENT STAND UP
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TO MINEWORKERS IN THE CURRENT PAY DISPUTE. ALL EVIDENCE

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AVAILABLE TO EMBASSY SUGGESTS GOVERNMENT WILL DO SO. IF COAL AND OIL SHORTAGES SHOULD LEAD TO SERIOUS PRODUCTION CUTBACKS AND ACCOMPANYING UNEMPLOYMENT, ETC., THE GOVERNMENT MIGHT HAVE TO DECIDE WHETHER OR NOT TO CALL A GENERAL ELECTION. NEITHER MAJOR PARTY WANTS ONE, AND WE ARE INCLINED TO BELIEVE DECISION TO CALL ELECTION WOULD ONLY BE MADE IN A CRITICAL SITUATION AS A LAST RESORT. THOUGH THIS IS A POSSIBILITY, IT IS NEITHER IMMINENT NOR INEVITABLE. END SUMMARY.

2. THE MINEWORKERS' BAN ON OVERTIME AND THE THREAT OF A STRIKE IF THEIR PAY DEMANDS ARE NOT MET HAS INEVITABLY GENERATED CONCERNED EDITORIAL COMMENT IN THE BRITISH PRESS. THERE IS AGREEMENT IN THE SERIOUS NATIONAL PRESS THAT THE GOVERNMENT OUGHT TO RESIST MINERS' CLAIMS AND THAT A FAILURE TO DO SO WOULD CAUSE ITS COUNTER-INFLATION PROGRAM TO COLLAPSE.

3. UNDER THE HEADLINE "STAND UP TO THE MINERS" THE "GUARDIAN," WHICH IS OFTEN CRITICAL OF GOVERNMENT POLICIES, WARNS AGAINST THE TEMPTATION TO THINK OF POLITICAL RETALIATION AGAINST THE MINERS. IT SAYS, "THE NUM MAY NO LONGER...CARE THAT IT IS SEEN AS A BULLY. LAST TIME IT STRUCK, THE MINERS BENEFITED FROM MUCH PUBLIC SYMPATHY. THIS TIME THE BAN ON OVERTIME HAS BROUGHT LITTLE. THIS IS NOT THROUGH LACK OF UNDERSTANDING THAT WORKING UNDERGROUND IS DANGEROUS AND DISAGREEABLE, BUT BECAUSE THE NUM IS PROVING EXCEPTION-ALLY GREEDY. THE GOVERNMENT DEVISED STAGE THREE DELIB-ERATELY TO GIVE THE MINERS BETTER TERMS THAN ALMOST ANY OTHER GROUP, AND THE COAL BOARD'S OFFER WILL PUT WORKERS AT THE COAL FACE 25 PER CENT ABOVE NATIONAL AVERAGE EARN-INGS. NEVERTHELESS THE OFFER HAS BEEN REJECTED, AND MR. LAWRENCE DALY BOASTS THAT 'WE CAN BREAK THE POLICY OF PHASE THREE AND GET THE WITHDRAWAL OF THIS LEGISLATION ALTOGETHER.' SUPPOSE HE SUCCEEDS, WHAT GOOD WILL THAT HAVE DONE THE WORKERS GENERALLY? THE WAGE CLAIMS OF OTHER GROUPS WILL VIE TO KEEP UP WITH THE MINERS' LEAD, AND THE WAGE ELEMENT IN INFLATION WILL HAVE BEEN GIVEN A TREMENDOUS SHOVE. ...THOUGH THE GOVERNMENT MAY JUGGLE
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WITH PERCENTAGES, IN THE MAIN IT HAS NO ALTERNATIVE TO RESISTING THE CLAIM. TO ALLOW THE MINERS TO DRIVE A GAPING HOLE THROUGH STAGE THREE, WHEN IT IS LESS THAN A MONTH OLD, WOULD BE TO SHATTER ANY SEMBLANCE OF HAVING A COUNTER-INFLATION POLICY." A "TIMES" EDITORIAL OF NOVEMBER 27 IS TYPICAL IN ARGUING THAT THOUGH THE GOVERNMENT CAN NEGOTIATE, IT CANNOT AFFORD TO SURRENDER SINCE THAT WOULD, IN POLITICAL TERMS, DESTROY ITS

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AUTHORITY IN PARLIAMENT AND THE COUNTRY AND ASSURE A DEFEAT AT THE NEXT ELECTION. IT STATES, HOWEVER, THAT THE POLITICAL ARGUMENT IS NOT AS IMPORTANT AS THE ECONOMIC NEED TO PREVENT AN ACCELERATION OF INFLATION. "BECAUSE IT HAS NOT HAPPENED IN BRITAIN WE HAVE NO PUBLIC KNOWLEDGE OF WHAT HYPER-INFLATION MEANS IN SOCIAL TERMS. ALL FOREIGN EXPERIENCE IS THAT IT IS EXTREMELY UNJUST AND EXTREMELY DAMAGING. IN POSTWAR HISTORY THE COMMONEST CONSEQUENCE OF HYPER-INFLATION HAS BEEN THE LOSS OF LIBERTY."

4. WHILE THESE ARGUMENTS FOR HOLDING THE LINE AGAINST INFLATION ARE MADE IN THE PRESS, THERE IS ALSO INCREASING SPECULATION ABOUT THE POSSIBILITY OF THE GOVERNMENT'S

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HAVING TO CALL A GENERAL ELECTION IF THE COMBINED
REDUCTIONS IN COAL AND OIL SUPPLIES RESULT IN AN ENERGY
SHORTAGE OF MAJOR PROPORTIONS ADVERSELY AFFECTING
PRODUCTION. IN A NOVEMBER 26 ARTICLE, DAVID WOOD,
POLITICAL EDITOR OF THE "TIMES" ADDRESSES THIS QUESTION.
HE SAYS THAT THERE IS NO PRESENT THREAT OF A GENERAL
ELECTION AND THAT HEATH HAS NOT MADE ONE. IF HE WERE TO
DO SO AND AN ELECTION WERE WON ON THE ISSUE OF THE
MINERS' OVERTIME BAN, IT WOULD NOT NECESSARILY SOLVE THE
PROBLEM OF PRODUCING COAL IF THE MINERS ARE INTRANSIGENT.
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WOOD ARGUES THAT THE GENERAL ELECTORAL SITUATION IS
BECOMING MORE AND MORE FAVORABLE TO HEATH, BUT THAT IT
WOULD BE A SERIOUS MISREADING OF HIS CHARACTER TO THINK
THAT HE COULD WELCOME A GENERAL ELECTION. ALLOWING THAT
IT IS NOT PRESENTLY POSSIBLE TO GAUGE THE EFFECTS OF
A COMBINED OIL AND COAL SHORTAGE, WOOD THINKS ONE CANNOT
ENTIRELY RULE OUT THE POSSIBILITY THAT BEFORE THE WINTER
IS OVER INDUSTRY AND TRANSPORT COULD BE COMING TO A
STANDSTILL, UNEMPLOYMENT MIGHT BE RISING CATASTROPHICALLY
AND HOMES MIGHT BE WITHOUT HEAT AND LIGHT. HE BELIEVES
THAT IF THIS LATTER SITUATION AROSE "A GOVERNMENT...WOULD
NEED TO CARRY THE COUNTRY IN THE MOST RIGOROUS MEASURES
TO SUSTAIN A SEIGE ECONOMY DURING THE SEVEREST CRISIS THE
COUNTRY HAS FACED IN PEACETIME HISTORY. AT THAT POINT,
IRRESPECTIVE OF WHETHER THE MINERS' OVERTIME BAN IS STILL
ON OR OFF, THE GENERAL ELECTION COULD SCARCELY BE
DELAYED..."

5. ALL THE EVIDENCE AVAILABLE TO US, INCLUDING THE
VIEWS OF SEVERAL SENIOR CABINET MEMBERS, INDICATES THE
GOVERNMENT WILL HOLD THE LINE ON STAGE THREE. APART
FROM OPENING THE GATE TO A SERIES OF HIGHLY INFLATIONARY
WAGE INCREASES AND THE COLLAPSE OF ITS COUNTER-INFLATION
PROGRAM, IT IS WIDELY BELIEVED THAT A GOVERNMENT SUR-
RENDER ON THE ISSUE WOULD UNDERMINE ITS AUTHORITY, LEAD
TO A LOSS OF TORY SUPPORT IN PARLIAMENT AND, ULTIMATELY,
HEATH'S REMOVAL AS PARTY LEADER.

6. LABOR PARTY OPINION IS MORE AMBIVALENT. SOME SPOKES-
MEN HAVE INDICATED THEIR SUPPORT FOR THE MINERS' DEMANDS
AND THE GOVERNMENT HAS PRESSED THE OPPOSITION TO COME OUT
MORE CLEARLY URGING THE NUM TO COMPLY WITH THE LAW

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(STAGE THREE). ADDRESSING TRADE UNION MP'S ON NOVEMBER 27, HAROLD WILSON REPORTEDLY DENOUNCED LEFT-WING UNION MILITANTS WHO THREATEN TO "BREAK" GOVERNMENT POLICY. HE SAID "HOWEVER WRONGHEADED THE GOVERNMENT'S POLICIES, THE LAW MUST BE OBEYED. I DISAGREE WITH ANY WHO SEEK TO USE INDUSTRIAL ACTION TO FORCE A CHANGE OF GOVERNMENT..."

7. COMMENT: IT SEEMS UNLIKELY THAT THE MINERS' PAY
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DISPUTE WILL BE QUICKLY RESOLVED. WHILE IT IS TO BE EXPECTED THAT THE RESULTING FRUSTRATION AND GENERALLY GLOOMY ECONOMIC OUTLOOK WILL ASSURE CONTINUED SPECULATION ABOUT A POSSIBLE GENERAL ELECTION, WE SEE NO SIGNIFICANT EVIDENCE OF A DESIRE FOR ONE ON THE PART OF EITHER MAJOR PARTY IN PARLIAMENT. IN ONE SENSE, AN ELECTION ON THE ISSUE OF "WHO GOVERNS THE COUNTRY" WOULD BE AN ADMISSION OF FAILURE FOR THE GOVERNMENT, AND NEITHER PARTY WOULD RELISH AN ELECTION FOUGHT IN CIR-CUMSTANCES OF TRADE UNION CONFRONTATION WITH THE LAW. WE THINK IT LIKELY THAT THE GOVERNMENT WOULD CALL AN ELECTION ONLY IN THE GRIMMEST OF CIRCUMSTANCES, AS A LAST RESORT. THIS POSSIBILITY CANNOT BE FULLY DISCOUNTED, BUT THERE IS STILL TIME AND THE OPPORTUNITY FOR AN ULTIMATE CONFRONTATION TO BE AVOIDED.

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